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MARCOS REPORTED TO LOSE SUPPORT IN ADMINISTRATION

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WASHINGTON, Jan. 25 — A consensus has developed in the Reagan Administration that the departure of President Ferdinand E. Marcos is critical to a non-Communist future for the Philippines and American interests in that country.

This widely held view was made clear explicitly or indirectly in interviews this week with key officials from the White House, State Department, Pentagon and intelligence agencies.

The Administration has decided, however, not to push Mr. Marcos from power by covert means, although that was considered by some officials, or by public attacks on him, although officials have also come close to this.

Distance and Waiting

Instead, the policy is to distance the United States from its old ally by publicly questioning Mr. Marcos's efforts at change, including sending a special Presidential envoy to emphasize concern about this issue, and to wait, the officials said. Very soon, they say they expect, Mr. Marcos's health will force him to withdraw from the scene.

By all accounts, Mr. Reagan, Secretary of State George P. Shultz, and Defense Secretary Caspar W. Weinberger have approved the policy of distancing expressed by their subordinates. The President and the two Cabinet officers were not actively involved in the policy discussions, and all three went out of their way not to announce the change.

Because the President acquiesced in the new policy without having taken a major role in its formulation, some officials said they were uncertain of how he would react "in the crunch," as one put it.

Administration officials fear American identification with the Marcos Government at a time of a growing anti-Marcos sentiment in the Philippines. Specifically, they worry that Mr. Marcos is unwilling to introduce what the United States considers needed changes, and that his moderate opponents might unite with Communists in opposition to him.

Either eventuality could jeopardize American bases there, which are considered vital to United States power in the Asian and Pacific areas.

United States officials have urged Mr. Marcos to stem an economic downturn by taking steps to reduce corruption and break up monopolies, many of which are believed to be controlled by figures close to the Marcos family. The Administration has also asked for greater efficiency in the military, with promotions based on merit.

Although Administration officials

have decided that it would be in America's best interests for Mr. Marcos to go, they do not appear to have any idea of who would succeed him. The discussions on the need for him to depart are based on the assumption that he will be re-elected in the election Feb. 7.

Most of the officials are also wary of his opponent in the election, Corazon C. Aquino, largely because she has expressed reservations over the agreement to allow American military bases in the Philippines.

The public articulation of the policy is not to choose between the two, but to stress free and fair processes and change. This, in itself, represents a dramatic shift from President Reagan's contention in the Presidential debate of 1984 that the "alternative" to Mr. Marcos was "a large Communist movement to take over the Philippines."

Not choosing is, in effect, the Administration officials' solution to the classic policy quandary that confronted most of their post-World War II predecessors in places like Iran, Nicaragua and Vietnam.

The Administration has decided, for the time being, neither to do whatever is necessary to support a close ally whose hold on power seems increasingly tenuous, nor to help oust him from power and thereby accept greater responsibility for whatever might come.

'We Don't Want Blood on Our Hands'

A number of the officials interviewed about President Marcos's future said, "We don't want to have his blood on our hands." These officials acknowledged that the fates of Shah Mohammed Riza Pahlavi of Iran, Gen. Anastasio Somoza Debayle of Nicaragua and Ngo Dinh Diem of South Vietnam were very much in the minds of President Reagan and his top advisers. Whatever the American role in their downfalls of those leaders, incumbent Presidents took the political blame.

But the prevailing judgment in the Administration is that the Philippines is very different from these other times and places in its democratic traditions and close historical ties to the United States.

These institutions and attitudes are the basis of official hope. At the same time, the rapid growth in the Communist insurgency and widespread political disaffection makes officials feel they are running out of time.

Typical is the statement in December by Michael H. Armacost, Under Secretary of State for Political Affairs. He said that "pessimism is unwarranted," yet he called the situation a "crisis."

The public focus is on the Filipino presidential elections, now only two weeks away. But officials say they do not have high hopes for honest results. They worry about a patently fraudulent result that could radicalize Philippine politics, about moderates either being made irrelevant or drawn toward alliance with the Communists. They say they have little enthusiasm for Mrs. Aquino's leadership skills and express concern about her comments during the campaign calling for a referendum on whether to extend the base agreement beyond 1991, when the agreement expires.

The Real Test: When Marcos Is Gone

For the most part, officials are already looking beyond the election. To be sure, they say they still want the contest to be a "free and fair" one that would to reinvigorate Filipino democracy and to re-establish the armed forces there as a neutral force in democratic politics. But they anticipate that the real tests will come this year, or next year at the latest, when they say they expect Mr. Marcos to be gone because of his health.

For that test, they are already laying the groundwork by statements such as this one from Mr. Armacost: "We can confidently expect to work with any government produced by an election which Filipinos consider to have been fair and honest." A White House spokesman repeated this statement as Mr. Reagan's position.

The burden of making and defending policy on an issue that many in the Administration regard as the nation's prime foreign policy problem has fallen on officials such as Mr. Armacost and five men ranking below him. They are Gaston Sigur, the senior Asian specialist on the National Security Council staff; Richard L. Armitage, Assistant Secretary of Defense for International Security Affairs; Paul D. Wolfowitz, Assistant Secretary of State for East Asian Affairs; Morton I. Abramowitz, director of the bureau of intelligence and research, and Stephen W. Bosworth, the American Ambassador in Manila.

In 1984, Adm. William Crowe, then commander of American forces in the Pacific and now chairman of the Joint Chiefs of Staff, played a critical role. He briefed Mr. Reagan on the almost geometric growth of the Communist guerrilla force from a few thousand to over 15,000 or more, on the incompetence of the Marcos Government, the politicization of the military, and the potentially disastrous consequences of this instability for the American naval base at Subic Bay and the air base at Clark Field.

The story of the Reagan Administration coming to grips with the current situation in the Philippines largely revolves around these sub-Cabinet-level officials. They were the ones who eventually rang the alarm bells about Mr. Marcos and formulated the policy consensus.

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Evolution of Policy: Changing U.S. Goals

The evolution of policy from a largely pro-Marcos one to one that is anti-Marcos with some caveats developed in three phases, as recounted by officials.

From 1961 to the summer of 1983, the Administration focused almost entirely on renegotiating an extending of the base agreement with Mr. Marcos, and wanted nothing to get in the way of this goal. Some problems in the Philippines were recognized, but a clear decision was reached to put aside long-term concerns in favor of short-term needs.

In the second phase of policy evolution, which ran until the late fall of 1984, a killing — the public assassination of Benigno S. Aquino Jr., Mr. Marcos's main and exiled political opponent, who was killed as he stepped off a plane onto Philippine soil — set off a downward spiral in the Philippine economy and security situation. It also galvanized mid-level American policy-makers, but their focus was a narrow one, concerned mainly with insuring that Mr. Marcos made a serious effort to get to the bottom of the killing.

In the third phase, these mid-level officials formulated the policy of pressing Mr. Marcos for economic and military changes, without having much confidence that he would comply.

More important, American officials began telling the American people that the situation in the Philippines was very serious and was deteriorating in its entirety.

In all three phases, Mr. Marcos was seen as shrewdly maneuvering to deflect American pressure, even to the point in phase three of proposing a "snap" presidential election and catching everyone off guard.

Policy-Makers Move Closer to Critics

By the second phase, the mid-level officials had moved closer to the position of policy critics outside of Government and succeeded in constructing consensus with those critics. "The irony of the situation is that this broad consensus on the situation is possible only because the conservatives are now in power," said Richard C. Holbrooke, the Carter Administration's top Asian policy-maker.

"Out of power," said Representative Stephen J. Solarz, Democrat of Brooklyn, who is chairman of the House Foreign Affairs subcommittee on Asian and Pacific Affairs, "Mr. Reagan would be the first to accuse any Administration following his current policy as one of pulling the rug out from under our friends."

In 1981, Vice President Bush visited Manila. In remarks at an official dinner, he said: "We love your adherence to democratic principles and democratic processes. We will not leave you in isolation."

By the account of several officials involved, it was a terrible mistake. Nothing like that was in the bland toast that State Department officials had written out in advance for Mr. Bush.

"He got carried away by the whole Marcos scene," a senior Administration official said. "In the Philippines, it's easy to get sucked into hyperbole. Politics there is words, extravagant words."

The toast came at a time when Administration policy was to play down human rights violations around the world and to avoid public attacks on allies. These policy elements were seen by the new team as efforts to correct features of what they felt was the failed Carter Administration policy. The new watchwords were "quiet diplomacy." But, according to Administration officials, it was readily apparent that the Philippines was sinking under the weight of 10 years of military dictatorship.

Ominous Telegrams From the Ambassador

It was also a time when the Administration was establishing the pattern of leaving Asian policy — with the exception of China policy — to officials at the assistant secretary level. As for the Philippines, the only policy-level person who appeared to be paying attention was Mr. Armacost, who was then Ambassador in Manila, officials said in recalling events at the time.

He was sending telegrams back arguing that political instability and insurgency were largely tied to a downturn in the Philippine economy, attributed principally to the decline in sugar and other prices, capital flight from the country and monopolistic practices by individuals with close ties to the Marcos family.

Once the economy picked up again, he said, the other problems would become more manageable. For the time being, Mr. Armacost was said to have written, everything should be secondary to the completion of the base agreement.

The assassination of Mr. Aquino in August 1983 as he returned from exile concentrated the problems. By the testimony of Mr. Armacost, Mr. Wolfowitz and others, the killing led to further political instability, which, in turn, further depressed the economy — which, in turn, fed the insurgency. Like the killing of Pedro Joaquin Chamorro in Nicaragua in 1978, or the killing of Mr. Diem in 1963, it triggered a whole set of new issues and decisions.

The boldness of the killing also forced senior policy-makers here to pay attention to the Philippines for the first time. But Mr. Reagan and his key advisers would only make one concrete decision at this point, according to knowledgeable officials. That was to say publicly that there had to be a full and fair investigation and that the killers must be punished.

United States policy-makers said they strongly suspected that Gen. Fabian C. Ver, armed forces Chief of Staff and close friend of Mr. Marcos, was involved. Recently, he and a number of other military officers were cleared by a panel of judges in a verdict that was controversial there and here.

A Canceled Visit Seen as a Rebuke

In October, Mr. Reagan canceled his

plans to visit Manila as part of a general tour of Asia. The White House said at the time that this was not a "re-buke" to Mr. Marcos, but it was generally so regarded. Fearing just such an interpretation, Mr. Shultz privately urged Mr. Reagan to go despite the cloud over the killing.

The policy discussion resulted in November 1984 in a National Security Decision Directive, or formal decision memorandum, signed by Mr. Reagan. It stated that "the U.S. does not want to remove Marcos or to destabilize" his Government. The emphasis was said to be change, particularly change in the military, to prevent a "Communist takeover."

The directive continued as follows: "While President Marcos at this stage is part of the problem, he is also necessarily part of the solution. We need to influence him through a well-orchestrated policy of incentives and disincentives to set the stage for peaceful and eventual transition to a successor government whenever that takes place. Marcos, for his part, will try to use us to remain in power indefinitely."

At this point, as officials described events, they were faced with two practical problems. One was whether it was possible to persuade Mr. Marcos to effect changes that would undermine his power base. The second was how to convince Mr. Marcos that it was Mr. Reagan and not just mid-level officials felt that these changes were necessary.

A senior Defense Department official maintained that the problem of starting serious change was virtually insuperable. Fundamental changes, like bringing in new military leaders and eliminating Marcos's friends would "cut at the basis of his power," he said. Also, he added, "We had to sing a dual-track tune: economic, political and military reform, while also staving off the Communist guerrillas, and Marcos could always argue that the former would endanger the latter."

This official, like most of those interviewed, said Washington did not have that much leverage on Mr. Marcos. They said that American military and economic aid totals only about \$180 million annually and that this is tied to the bases as a kind of rent.

A Proposed Aid Cut And Its Consequences

Mr. Solarz, noting this amount and saying that the Administration had power over some other loans as well, argued to the contrary. "My proposal to reduce military aid and increase economic aid by a comparable amount would have sent a very useful signal to the Philippines, but the Administration fought against this," he said.

They did so, officials explained, because that would have jeopardized the battle against the guerrillas. These officials said they saw the trap they were in, but at that point could not see the way out.

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A senior White House official put it a little differently. "Mr. Reagan is aware of the need for reforms," he said. "But it is very difficult to expect Marcos will carry out reforms we believe are essential, although I'm unwilling to say it's hopeless. He can't disregard everything that has been going on, the opposition in the Philippines and here."

According to officials, the problem of getting Mr. Marcos to put changes into effect was compounded by his often-stated conviction that the American pressure for change was the work of subordinates and was not blessed by Mr. Reagan. In particular, Mr. Marcos made no secret of his belief that it was all the work of Mr. Armacost, once an avid Marcos supporter as Ambassador and later a severe critic as the No. 3 man in the State Department.

Ambassador Bosworth began to argue strenuously that this feeling on Mr. Marcos's part could be corrected only by dispatching a personal Presidential emissary to Manila. In October of 1985, it was finally agreed to send Senator Paul Laxalt, Republican of Nevada, to carry that message.

A senior State Department official described the purposes of this mission as follows: "Laxalt told Marcos that it was the President speaking, not just a bunch of bureaucratic mandarins. He said that reforms, particularly military reforms, were top priority. He said that Marcos had to prepare the way for others to succeed him. In sum, he convinced Marcos that he had a real problem with us."

But neither then nor later did the Administration tell Mr. Marcos to change or forfeit Administration support.

"We told him that if things continued going downhill, Congress would cut aid," said a senior Administration official. "We told him that international banks would not provide more loans if there was political instability. But we did not threaten him outright with loss of Administration backing. Things aren't done that way, but he got the point."

Exploring the Chances For a Military Coup

Several key policy officials, however, felt that Mr. Marcos would never get the point. They began to think of more serious approaches in recent months. There was talk of exploring possibilities for a military coup, which never got very far, officials said. There was also brief consideration given to providing covert financial support for Mr. Marcos's political opponents, but nothing came of that either.

By this time, Mr. Marcos had once again retaken the initiative by announcing he would hold presidential elections in February rather than waiting until 1987. "This was not our priority solution," as one senior State Department official put it.

Administration officials said they preferred keeping the focus on change and getting Mr. Marcos to think about the succession. They said that one idea that was explored informally was to provide money through the National Endowment for Democracy, a private institution that gets money from Congress, to a Filipino group that intended

to monitor the fairness of the election. That group was approached privately, the officials said, but it firmly rejected any American money for fear of identification with the United States.

Most Administration officials said they could live with a victory by Mrs. Aquino. "With all the uncertainties about their polemics, we still feel we can protect our interests and deal with her," one said.

While almost all of those interviewed said there were limits to electoral manipulation by Mr. Marcos, the general view was that Mr. Marcos would win and that fraud would be widespread.

At the same time, they speculated that the results were not preordained and that there were likely to be surprises.

If most of them had their way, Mr. Marcos would win a election that was not too unfair and then quickly step aside in favor of his Vice Presidential candidate, Arturo Tolentino. "Tolentino is 75 years old, respected and reasonable and perfectly designed to carry out a transition," said a senior State Department official.

But the betting is not high that Mr. Marcos will step aside. So, in the meantime, the Administration continues to "depersonalize" its policy, as a Pentagon official put it, stressing the need for change in key institutions to carry on after Mr. Marcos departs. Also, officials continue to convince one another that they will never have to face the tough choices their predecessors confronted in Vietnam, Nicaragua and Iran — that is, to fight or get out.